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## BRIEFER COMMUNICATIONS.

### CONSUMER'S SURPLUS.

Without entering into controversy, I would like to say briefly that Professor Patten, in his able paper in the last number of the *ANNALS* on "Cost and Utility," has misconceived what I mean by the term "Consumer's Surplus." He says (p. 30):

"The two methods of measuring utility can be illustrated by comparing Professor Marshall's view of consumer's surplus with mine. He takes as the utility of the first increment of a good what a consumer would give if he possessed only one increment; the utility of the second increment is what the consumer would give for it if he had but two increments, and so on. In this way he gets the consumer's surplus of each article. . . . .

"Suppose I am in a desert with three loaves of bread. To the first I might attribute 200 units of pleasure, as it would keep me alive; to the second say 50 units, as it would make me comfortable; to the third, say 5 units. If instead of bread I had three pounds of meat, I might attribute to the first pound 300 units of pleasure; to the second 75 units; and to the third, say 10 units. If, as a third hypothesis, I had both articles to the amount named, could I add the two surpluses (255-385) and say I had 640 units of pleasure? Certainly not."

This is not perfectly explicit; but I can understand it only as meaning that he would expect me to add them together in such a case. And indeed he continues a little later on:

"Professor Marshall's consumer's surplus would be much larger than mine, because he estimates the surplus not from a given situation of the consumer, but from a series of situations representing different stages of supply. It seems to

me misleading to add together the surplus under a variety of abnormal situations and call the sum the consumer's surplus, because it implies that the given surplus is really obtained by the consumer. This is not true, as no consumer can be in all these situations at the same time, nor do any number of consumers find themselves in the variety of situations which would make the consumer's surplus from the whole commodity correspond to the supposition which Professor Marshall makes."

If I have interpreted him rightly, he has interpreted me wrongly. For my demand schedule—from which my consumers' rent or surplus is derived—represents the prices at which various quantities of a commodity (say bread) can find a market. In the case of any individual purchaser these prices represent marginal utilities of successive elements. But in every case, all other things are supposed to remain unchanged; and particular stress is laid on the fact that there is no change in the conditions of supply of any other commodity (say meat), which is a "rival" to it (the bread), and can partially satisfy the same needs.

For instance, on p. 157,\* immediately after formulating the "Law of Demand," I write:

"It must be remembered that the demand schedule gives the prices at which various quantities of a thing can be sold in a market during a given time and under given conditions. If the conditions vary in any respect, the figures of the schedule will probably require to be changed; and this has constantly to be done when the desire for anything is materially altered by a variation of custom, or by a cheapening of the supply of a rival commodity, or by the invention of a new one. For instance, the demand schedule for tea is drawn out on the assumption that the price of coffee is known; but a failure of the coffee harvest would raise the prices throughout the demand schedule for tea; and again, the demand for gas is liable to be reduced by an improvement in electric lighting. . . . The question where the lines of division

\* Second edition. Nearly the same words occur on p. 160 of the first edition.

between different commodities should be drawn must be settled by the convenience of the particular question under discussion. For some purposes it may be best to regard Chinese and Indian teas, or even Souchong and Pekoe teas, as different commodities, and to have a separate demand schedule for each of them. While for other purposes it may be best to group together commodities as distinct as beef and mutton, or even as tea and coffee, and to have a single schedule to represent the demand for the two combined ; but in such a case, of course, some convention must be made as to the number of ounces of tea which are taken as equivalent to a pound of coffee." See also pp. 438-9 (in both editions). But the passage which most closely follows the lines of Professor Patten's remarks is in a note in the Appendix, p. 753,\* referring to the passage in the text which contains my definition of consumer's surplus, it runs :

"If, however, an amount  $b$  of the commodity is necessary for existence [the utility of the first element]  $a$  will be infinite, or at least indefinitely great, for values of  $x$  less than  $b$ . We must therefore take life for granted, and estimate separately the total utility of that part of the supply of the commodity which is in excess of absolute necessities. . . . If there are several commodities which will satisfy the same imperative want, as *e. g.* water and milk, either of which will quench thirst, we shall find that, under the ordinary conditions of life, no great error is introduced by adopting the simple plan of assuming that the necessary supply comes exclusively from that one which is cheapest."

This last passage seems almost to anticipate Professor Patten's problem about bread and meat, and to state clearly how I would treat it. I will, however, confess that my account of consumer's surplus would be improved by fuller explanation, even at the expense of some repetition. As it stands, it has misled other people besides Professor Patten, though not, so far as I know, exactly in the same way.

\* P. 740 of the first edition.

Perhaps I may be allowed to end with an Englishman's expression of admiration, tinged perhaps a little with envy, at the generous opportunities which the rapidly growing number of American universities is offering for advanced economic study, and at the zeal and ability with which these opportunities are being turned to account.

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COMPULSORY VOTING.

A paper on this subject appears in the fourth number of the first volume of the ANNALS over the signature of F. W. Holls, calling attention, in an interesting and forcible manner, to a defect in our political system which may in time, if not remedied, prove destructive of our scheme of government. That defect consists in the lack of interest felt by a large and increasing proportion of our best citizens in the selection of our rulers.

It is not to be denied that very many of those best qualified to judge of the fitness of a candidate for the office for which he is proposed utterly neglect to take part in the nominations and elections, leaving those important and sacred duties to the leaders of political parties and their tools, men whom they can cajole or bribe to do their bidding. The business of governing thus falls into the hands of corrupt leaders and ignorant followers. It is not giving our form of government a fair trial when the most competent of our citizens neglect or refuse to do their part in providing for the public welfare.

The evil is quite obvious, as well as its disastrous consequences unless averted. But it is not easy to find a competent remedy. Mr. Holls and others whom he quotes propose to make the neglect of voting a misdemeanor punishable by fine and, possibly, imprisonment. This is of very doubtful expediency. Criminal laws have never shown themselves to be very efficacious in procuring the performance of moral and